

## 9 VARIANCE PROGRAM



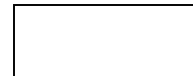
Appropriate action will be taken on unresolved variances.

The WSF Variance Program consists of:

- Daily Procedure – used to evaluate unresolved variances that occur during Seller and Terminal Agent accounting functions. The impact of a variance determines what action is taken.
- Monthly Review Process – used to review variances occurring during the previous month for possible patterns in variance activity.
- Periodic Review – used to perform an in-depth review of Seller performance with remitted media.

Activities that may produce variances include:

- Seller activities:
  - Station Check In or Check Out
  - Daily Sales and Remittance
  - Seller Change Order
  - Seller Working Fund Increase or Decrease
- Terminal Agent activities:
  - Agent Safe Balancing
  - Daily Deposit and Terminal Working Fund Balance
  - Petty Cash
  - Terminal Change Order (from bank)
  - Terminal Working Fund Increase or Decrease



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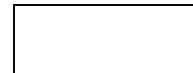
## 9.1 DAILY PROCEDURE

Unresolved variances may involve cash value media or cancelled tickets. The variance is categorized as Low, Medium, or High Impact based on its cash value or the number of cancelled tickets involved. After identifying the variance category, the Terminal Agent takes the appropriate action.

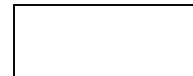
A **cash value variance** is a variance in any media type that is counted in dollars and cents. This includes U.S. Cash, Checks, Charges, Travelers Checks, Canadian Cash, Vouchers, Out Voids, and Refunds. An Out Void or Refund variance:

- May appear as a variance on the Seller Remittance Report
- May be a difference between the values recorded on Seller Remittance Report and what was actually submitted.
- May be a difference between the values on the sales receipt and the Out Void or Refund receipt

Instructions for categorizing variances and taking subsequent action are listed in the following table.



Variance Amount	Impact	Terminal Agent Instructions
Less than \$20.00 <i>or</i> 10 tickets or less	<b>LOW</b>	<ul style="list-style-type: none"> <li>■ Possible performance issue</li> <li>■ Reevaluate during Monthly Review Process</li> </ul> <b>Action</b> If variance is in an Out Void or Refund: <ol style="list-style-type: none"> <li>1. Document variance using the Variance Activity Report form (Form 36).</li> <li>2. Retain form in Station File for review during Monthly Review Process.</li> </ol>
\$20.00 - \$99.99 <i>or</i> 11-50 tickets	<b>MEDIUM</b>	<ul style="list-style-type: none"> <li>■ Possible performance issue</li> <li>■ Reevaluate during Monthly Review Process</li> </ul> <b>Action</b> <ol style="list-style-type: none"> <li>1. Document variance using the Variance Activity Report form (Form 36).</li> </ol> <b>For Seller variance:</b> <ol style="list-style-type: none"> <li>2. Obtain Seller's signature on form.</li> <li>3. Retain signed form in Station File for review during Monthly Review Process.</li> </ol> <b>For Terminal Agent variance:</b> <ol style="list-style-type: none"> <li>2. Obtain Agent's signature on form.</li> <li>3. Retain signed form with the Daily Report Paperwork.</li> <li>4. Send copy of form to Regional Terminal Manager via return-receipt-requested e-mail.</li> </ol>
\$100.00 or more <i>or</i> More than 50 tickets	<b>HIGH</b>	<b>Action</b> <ol style="list-style-type: none"> <li>1. Document variance using the Variance Activity Report form (Form 36).</li> <li>2. Obtain variance originator's signature on form.</li> <li>3. Report variance within the business day to Internal Control and the Regional Terminal Manager via return-receipt-requested e-mail. Attach copy of Variance Activity Report form to e-mail.</li> <li>4. Retain signed copy of form for review during Monthly Review Process.               <ul style="list-style-type: none"> <li>■ Seller variance – in Station File</li> <li>■ Agent variance – with Daily Report Paperwork</li> </ul> </li> </ol>



## 9.2 MONTHLY REVIEW PROCESS

The monthly review process is used to review variances occurring during the previous month for possible patterns in variance activity. Two processes are described below:

- Review of Seller
- Review of Terminal Agent

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### 9.2.1 REVIEW OF SELLER

Every month the Terminal Agent reviews each Seller's variances for possible patterns in variance activity. Possible patterns may include:

- Frequent overages and shortages
- Repetitive shortages
- Shortages before days off or payday

Agents are encouraged to address questions about what constitutes a possible pattern to their Regional Terminal Managers or Internal Control.

To perform the monthly review of a Seller:

1. Terminal Agent documents the review on the Monthly Seller Variance Review Checklist (Form 37).
2. Terminal Agent requests a Seller Activity Summary Report (Report O) by station for each Seller who worked at the terminal during the month under review.
3. Terminal Agent reviews:
  - Seller Activity Summary Report
  - Variance Activity Reports (Form 36) from Seller's Station File
4. If a pattern in variance activity is suspected, Terminal Agent contacts Regional Terminal Manager to discuss further action. Both Terminal Agent and Regional Terminal Manager document the discussion in their logs.

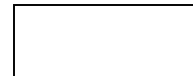


5. If action is taken, Terminal Agent:
    - Notifies Seller of action via Econ-O-Gram
    - Reports action to Regional Terminal Manager via return-receipt-requested e-mail
    - Attaches copy of Econ-O-Gram to Seller Activity Summary Report and Variance Activity Reports from the Station File and retains paperwork in Seller's Employee File at the terminal for a minimum of one year
  6. If no action is taken, Terminal Agent destroys Seller Activity Summary Report and Variance Activity Reports from Station File.
  7. Terminal Agent completes the Monthly Seller Review Checklist by documenting any actions taken. The completed checklist is retained with the month's Daily Deposit Paperwork in the terminal's files.
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### **9.2.2 REVIEW OF TERMINAL AGENT**

Every month the Regional Terminal Manager reviews each Terminal Agent's variances for possible patterns in variance activity. To perform a review:

1. Regional Terminal Manager reviews any Variance Activity Reports (Form 36) involving Terminal Agent.
2. Regional Terminal Manager documents any suspected patterns in variance activity in the Regional Terminal Manager's log.
3. If action is taken, Regional Terminal Manager:
  - Documents action on a Variance Activity Report form
  - Notifies Agent of the action by memo
  - Retains a copy of the memo with the month's accumulated Variance Activity Reports in Agent's Employee File at the Regional Terminal Office for a minimum of one year
4. If no action is taken, Regional Terminal Manager destroys Variance Activity Reports.



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## 9.3 PERIODIC REVIEW

A periodic review involves an in-depth, terminal-wide review of sales media and tickets turned in with Seller Remittance Reports within a specified sales date. Sellers working during the sales day are reviewed.

Periodic reviews are requested by the Regional Terminal Manager. The Regional Terminal Manager and the Terminal Agent coordinate scheduling and resources required to perform the review.

The Terminal Agent documents the periodic review of each Seller on a Periodic Review Checklist. When reviewing a Seller, the Agent verifies that media turned in by the Seller meet WSF criteria described in this manual.

To perform a periodic review:

1. Terminal Agent and Regional Terminal Manager coordinate scheduling and resources required to perform the review.
2. Terminal Agents complete a Periodic Review Checklist for each Seller (Form 38). (N/A is written in non-applicable portions of the Checklist.)
  - Agent reviews depositable media during routine Seller Remittance Verification so that terminal Daily Deposit is not significantly delayed
  - Review of non-depositable media may be delayed until after the terminal Daily Deposit has been made
3. Terminal Agent handles unresolved variances using the Daily Procedure described in *Section 9.1*.
4. Terminal Agent discusses review results with Seller.
  - Agent and Seller sign Checklist
  - Seller is provided with a copy of the Checklist for personal records
5. Terminal Agent retains signed Periodic Review Checklist in the Seller's Employee File at the terminal.